

JUNE 29, 2015

Minutes of the monthly meeting of the Municipal Services Commission held June 29, 2015 at the office of the Commission, 216 Chestnut Street. The meeting was called to order at 4:00 P.M. with Dr. Roy Sippel, Commissioner, presiding.

Attendance Report:

Present: Dr. Roy J. Sippel, Commissioner, President
Daniel F. Knox, Commissioner
Hick Rowland, Commissioner
Pamela A. Patone, Secretary

Staff in attendance: Jay Guyer, Water Supervisor, Scott Blomquist, Electric Supervisor, Mary Jane Stubbs, Business Manager/Treasurer,

Also in attendance: Lynne Kielhorn, President of Delaware Greenways, Mike Alfree, Trustee of New Castle Common, Chris Castagno, Trustee of New Castle Common

President Sippel moved Ms. Kielhorn's presentation to the beginning of the agenda. Ms. Kielhorn began her presentation with a description of the long term vision for the Penn Farm and the requirements for water. She explained the desire to switch from commercial crops to a sustainable environmentally friendly farm that would provide vegetable crops and have animals on the farm which would require irrigation. She went on to explain that in Delaware most farmers would be able to drill their own well and therefore the only ongoing cost for water would be the electric to pump for the well. Ms. Kielhorn explained the challenge of urban farms relates to the cost of water. She explained the benefits to the community by having the Penn Farm and advised the Farm would be able to pump during off peak hours so she was requesting the Commissioners consider an off-peak agricultural rate. A discussion ensued regarding capacity, growing season and the acres that would be planted. Mr. Alfree explained the Trustees intentions with the house on the farm and the possibility of having the farmer live on the premise. Secretary Patone asked about the timeline. Ms. Kielhorn indicated DG would like an additional farmer brought on for next growing season and he would need to make a commitment by August 1, 2015, she advised the current rate structure does not fit with a farming business model. She went on to explain that other alternatives such as a retention pond were investigated but could not meet the irrigation needs. She advised she had not pursued further investigation of utilizing untreated water and any affect the PFC contamination might have on the vegetables as Secretary Patone had communicated the Commission would not be open to providing untreated water from the City's water system. Secretary Patone advised the Commissioners as Ms. Kielhorn had noted irrigation wells are utilized by farmers in other areas but are not allowed within the Commission's service territory. She explained this was a unique situation as the Penn Farm is the only farm within the City limits; therefore, she invited Delaware Greenways to present to the Commissioners. Trustee Castagno mentioned the Bayberry Farm in Middletown area was allowed to have their own well drilled which is model that allowed that farms to be successful. Ms. Kielhorn indicated that other communities across the country and within Delaware are being asked to consider water rates for urban farming. Trustee Alfree invited the Commissioners to visit the Penn Farm, he also explained the Produce Stand was in the process of

being remodeled and would be closed this year but expected to reopen next year. Lastly, Trustee Alfree mentioned the Trustees are not requesting free water but that an agricultural rate is considered. Trustee Alfree concluded with a question regarding the recent electric outage and its duration. Secretary Patone confirmed the outage was longer than usual due to the uniqueness of the trees and poles that came down. Assistant Supervisor Granger explained a tree on route 9 took out an entire circuit which resulted in a large portion of customers losing service. Supervisor Guyer noted service was restored once the tree was cleared and the linemen insured the secondary lines were safe. Trustees Alfree and Castagno thanked the Commissioners for their continued support and they left the meeting along with Ms. Kielhorn.

MINUTES

Commissioner Knox asked whether the roller purchase/rental and Beasley damage would be discussed during the updates and Secretary Patone advised they would be discussed during the meeting.

With the concurrence of all the Commissioners the minutes of the May 21, 2015 regular monthly meeting were approved.

TREASURER'S REPORT

Treasurer Mary Jane Stubbs reported a total cash balance of \$2,775,851.17 that included escrow and deposit amounts of \$428,571.76 leaving operating cash balance of \$2,347,279.41. She went on to report investments in the amount of \$1,033,262.10. She communicated that Assistant Supervisor Granger reviewed the bank statements for May 2015. Treasurer Stubbs presented the May invoices for the Commissioner's review. Commissioner Sippel questioned the audit procedure of actual versus budget analysis which Secretary Patone had provided the Commissioners. Secretary Patone advised in previous years actual versus prior year analysis had been requested and this year was the first year for the actual versus budget. She explained this request seemed reasonable but the timing was late as it was after fieldwork. She indicated she reviews the variances throughout the year and would be prepared to provide to the auditors next year in advance. Treasurer Stubbs answered the Commissioners questions regarding East Com Associates invoice for the locator purchase.

Upon motion made and unanimous approval, the Commissioners accepted the treasurer's report for the month of May and approved the payment of the May bills attached hereto.

President Sippel thanked Ms. Stubbs for her attendance and she left the meeting.

ELECTRIC DEPARTMENT

Assistant Supervisor Granger reported the materials for the solar array are expected soon. He advised the Crossroads Well electric is complete and energized. He indicated a PMH-9 and transformer had been installed and the only remaining item would be to provide electric to the

SCADA and security for the well site when necessary. He went on to report the electric crew moved the transformer at the School Lane Treatment facility to accommodate the new GAC system. He then reported that on June 23, 2015 as was discussed with Trustee Alfree a storm resulted in down trees and pole lines which resulted in approximately 640 customers being without service for over 2 hours with about 20 of them in Van Dyke Village having a more extensive outage due to the pole lines being in the backyard of homes which makes repairs very difficult. He went on to report an additional outage took place in Van Dyke Village on June 27, 2015 due to tree limbs dropping on lines which was restored within one hour. He further discussed details regarding the outages specifically the Commission customer on Glebe Road that was affected by Delmarva Poles which came down during the storm on the 23rd.

Dan McCollom, Commission attorney joined the meeting.

Assistant Supervisor Granger reported under repairs and maintenance two Delmarva pole change outs. He advised one change out is complete and the other is being scheduled. He advised the windows at Dobbinsville substation were replaced and security vendors were consulted regarding possible camera improvements. He mentioned the items on the energy audit and the possibility of making some improvements for the City's buildings. Secretary Patone advised she reviewed the report with City Administrator Bill Barthel and no decisions have been made.

Assistant Supervisor Granger left the meeting.

WATER DEPARTMENT

Supervisor Guyer reported the water department continues to flush Riverbend hydrants. He advised he discussed with Joe Corrado of Parkway Gravel the 120 linear feet of water main through the causeway that had not been inspected during installation and the need to confirm whether it meets the Commission's requirement to be class 52 DIP. He reported he met Parkway Gravel's supervisor on-site and Parkway has approval from the Army Corp of Engineers to move forward with the repairs. He understood two options existed for the repair an installation of a pipe or a bottomless culvert. He advised Parkway may proceed with the bottomless culvert to allow the repairs to be done in sections. He reported no timeline had been provided for this project yet. He reported the Washington Street project was complete however he is waiting on confirmation on when the warranty period would begin. Commissioner Knox questioned the work being done at the railroad crossing on Washington Street. Supervisor Guyer reported Norfolk Southern installed 2 four inch conduits under the railroad tracks in order to install gates and they are also making the sidewalk ADA compliant. Commissioner Rowland questioned whether Delaware Street would also have gates for the railroad crossing. Supervisor Guyer advised Delaware Street was not scheduled until 2016 and he questioned whether the State budget issues would allow for that work to continue.

Supervisor Guyer reported William Penn High School requested a 2" water service be provided for their water needs on the Penn Farm. Supervisor Guyer indicated the water crews were already committed for the summer projects and Becca Manning of Delaware Greenways advised the 1" service would be utilized for this year. He went on to report Ms. Kielhorn of DG along

with DNREC and USDA were on the Penn Farm and inquired regarding the concrete pad for the GAC system and the solar array to understand whether the drainage on the Penn Farm would be affected. He advised that after discussion it was believed the pad and array were too small to affect the drainage.

Supervisor Guyer advised he, Assistant Supervisor Jaeger and Secretary Patone met with John Marciszewski from Echologics Technologies and Heather Warren of the Delaware Office of Drinking Water regarding testing on the Delaware Street water mains from 3rd Street to the Wharf and all of Dobbinsville and applying for a \$50,000 grant to cover the costs. He advised he would be completing the grant application and submitting for Secretary Patone's review. Secretary Patone communicated the grant was an innovative technology grant and the Commission would host other municipalities to visit during the testing so they could see how the process worked, in addition, the Commission would host a STEM (Science, technology, engineering and math) school to visit during the testing. She advised the Commissioners had already approved moving forward with the project therefore, the grant money was an added bonus.

Supervisor Guyer reported on the Cross Roads well, he received the materials for the project and the Trustees have granted the MSC permission to use the existing utility easement on the Penn Farm for the 6" raw water main. He advised Keystone Engineering is working on the SCADA for the project. He reported the Utility Building curbing has been completed and final grading and seeding would be done as time permits.

Supervisor Guyer updated the Commissioners on Mr. John DiMondi's property at 426-438 West 7th Street. He indicated Secretary Patone and he sent a letter and e-mail to Mr. DiMondi providing him with an engineered solution that should be incorporated into his DeIDOT Entrance Permit application that will protect the 8" water main. Secretary Patone advised Mr. DiMondi responded that he would forward the information to his attorney.

He reported the Jeff Bergstrom advised the Commission the Triangle at St. Peter's project of 66 apartments was moving forward. He reminded the Commissioners the concerns the water department had regarding this project were sent in writing to the City.

Supervisor Guyer reported there were no planned or unplanned outages for May 2015.

He advised the Consumer Confidence Report was printed and distributed to the customers by June 29th, the required distribution date is July 1st. He advised he completed the self-sufficiency report and it would be submitted to the Water Supply Coordinating Council by July 1, 2015. He went on to report the Commission's Lead and Copper Sampling Plans need to be revised and updated by December 31, 2015. In addition, he will be reviewing the Delaware Office of Drinking Water Cross Connection Control Program Regulations and sending any comments to Ed Hallock.

Supervisor Guyer reported the blacktop roadway repairs at 154 Casimir Drive and 16 Hewlett Avenue have been completed. He went on to report a roller was rented to complete the repairs. He advised the machine the Chief of Police and Supervisor Blomquist located for free was a paver and they were able to obtain the paver which works well with a few minor repairs. He

went on to report he received notification of approval for the grant to install/replace a fence at the utility building.

Supervisor Guyer reported the USDA advised Secretary Patone the Commission was awarded the USDA \$500,000 emergency grant. He advised the preliminary assessment of the testing and monitoring at and around the New Castle county Airport and Delaware Air National Guard Base is complete and additional testing will be conducted. He advised the tentative delivery date of the Model 12-40 Filter system is July 23, 2015. He advised the concrete pad is complete for the vessel, he advised Brandywine Construction mobilized and installed the shoring and preformed excavation for the wet well, the wet well was set by Active Crane and the MSC completed the anti-float collar and backfilled the excavation while BCCI removed the shoring, He advised that due to rain, the project was extended by 1 week which resulted in an additional charge for the sheeting hammer, also a decision was made to have BCCI perform the cutting and grading of the area while on-site instead of MSC staff due to the timing and the equipment already being on site. He indicated the crews have begun framing the building and a pre-construction meeting has been scheduled with the USDA engineer on July 8, 2015.

Supervisor Guyer reported the May PFOS and PFOA results were non-detect, the June 17th sample has not yet returned from the lab.

Supervisor Guyer reported new hire Stephen Finney began work on June 1, 2015 and is working well. He went on to report an inquiry from a customer regarding a service line protection plan, he explained that Artesian Water Company provides this service and Commission customers could purchase this service through Artesian Water. He explained an evaluation was done previously to determine whether this service should be pursued by the Commission, The previous evaluation determined the participation would need to be high in order to cover the costs and the interest did not appear to be high enough.

Commissioner Knox questioned Supervisor Guyer regarding any new information related to antenna on the water tank. Supervisor Guyer advised he still believes because of the negative impact the antennas on the water tank will have on the water department and the fact there are no benefits to the Commission, the antenna should not be allowed. He feels the tank is a symbol at the entrance of the City that should not have antenna on it and that Verizon has other options if there is truly a cell phone reception issue. He went on to report the water tanks are due for inspection next year at such time the tanks would be drained, cleaned and an ultrasonic test of the tank and the legs of the tank would be tested for steel deterioration. He advised the question on how long a tank will last must be considered and this type of testing will help to determine the useful life. A discussion ensued regarding the cables that would have to run up the legs of the water tank, the generators that would have to be on site, the space limitations in order to provide maintenance to the tanks and the lack of responsiveness of the carriers when maintenance is required. Secretary Patone noted the water and electric system is critical infrastructure and security is an issue. She advised that it is a concern to provide access to groups that could tamper with the water system and what implications that could have to the water system. Supervisor Guyer indicated it is a federal offense to tamper with a water system. Mr. McCollom questioned whether an MSC employee would have to be present when maintenance is done by the cell phone carriers. Supervisor Guyer advised that either an MSC employee or a consultant

should be present whenever the carrier was on site. Secretary Patone indicated this would be a cost that would have to be covered in the lease if the antenna were allowed. Supervisor Guyer indicated the City of Newark was advised by a carrier they wanted to perform some maintenance when the carrier arrived on site they had three new large antenna to replace 3 smaller antenna. He advised this is not maintenance but a replacement of an antenna without any discussion or consideration of the extra space the antenna would take and the additional weight on the the tank. He advised there are a lot of considerations when allowing antennas on a water tank.

The Commission went into Executive Session at 5:26pm to discuss the Commission's legal rights and responsibilities related to the Commission's relationship with Mayor & Council of City of New Castle regarding the Commission occupied Mayor & Council owned properties and specifically the Gray Street Tank.

The Commission went into General Session at 5:57pm

The Commissioners thanked Supervisor Guyer and Dan McCollom for their attendance and they left the meeting.

FINANCIAL REPORT

Secretary Patone reported in Collections the aged receivables report did not reflect anything unusual. She reported the financial statements for the two months ended May 31, 2015 show Total Assets of \$14,778,542 with "Cash" decreasing \$48,000 from the previous month.

In "Revenue and Expenses" the "Change in Net Assets" was a deficit of net assets in the amount of (\$68,000), \$22,000 from Water Operations and (\$90,000) from Electric Operations. She indicated the reason for the excess in Water is due to the new water operator not being hired until June 1st, which meant 2 months without the payroll expense. She went on to report the additional \$37,500 approved for the City appropriation was not budgeted and the electric and water rates were not increased until May 2015, therefore, it is reasonable to reflect a deficit.

Secretary Patone advised she sent the financial statements to the auditors and they plan to present at the July Commission meeting. She went on to report she will provide reconciliation from the internal reports she presented for March 31, 2015 to the audited financial statements before the next meeting.

SECRETARY'S REPORT

Secretary Patone reported she attended the May 26, 2015 DEMEC meeting which was a full day strategic planning meeting followed by a board meeting. She advised the DEMEC board continued to discuss behind the meter generation, however, the message from the Board was that staff should continue to provide the current services at the level at which they have been providing. She indicated the board was interested in assuring DEMEC had the "bench strength" related to staff as Pat McCullar was expected to be retiring within the next five years. She

advised staff would be making a recommendation to the board on staffing needs.

She went on to report the Board approved a renewal of the energy service provider contract with ACES as the lowest proposal. She indicated the Beasley Unit 1 repairs were completed as planned and the unit was back on line by June 18th as scheduled. She reported FERC passed PJM's performance capacity penalty. She advised that PJM has thirty days to respond. She went on to report DEMEC expects energy costs to increase 14.8% as a result of this change. Secretary Patone also advised the DEMEC staff evaluations were performed and she completed the evaluation.

Secretary Patone reported she attended the PHI Wholesale Meeting on June 4, 2015. She noted Delmarva's SAIFI & SAIDI targets which she will share with the electric supervisors. She advised a summary of Washington DC's 7-10 year \$1B underground primary electric project was presented. She advised Delmarva completely overhauled their CIS system in January 2015. She reported the PSC of Delaware advised Delmarva they were spending too much on reliability and they needed to back down on those costs. She went on to report a Delmarva speaker discussed areas to consider when solar is added to the electric system and the need to address high voltage issues. She advised the speaker will present at DEMEC and she has asked the electric supervisors to attend.

OLD BUSINESS

Secretary Patone advised that she and attorney Dan McCollom are recommending the Commissioners include the antenna on the water tank as part of an overall negotiation of the appropriation to Mayor & Council and take the opportunity to solidify the relationship. A discussion ensued regarding the City appropriation, City electric and water, the antenna on the water tank issue, the properties owned by the City and occupied by the Commission and how the agreement would be memorialized.

Upon motion made and unanimous approval, the Commissioners approved allowing President Sippel and Secretary Patone to negotiate an agreement with Mayor & Council regarding the antenna on the water tank and the increase in appropriation.

Secretary Patone advised the Riverbend update was provided in the Water Department Report.

NEW BUSINESS

Secretary Patone confirmed with the Commissioners the staff would review the Delaware Greenways request and make a recommendation at the next meeting.

The Commissioners advised they did not want staff to pursue any further investigation on water line protection insurance, they understood customers can purchase the insurance through Artesian Water Company if desired.

Secretary Patone confirmed receipt of the USDA grant paperwork and would schedule a time

within the next week to have President Sippel sign the documents.

Secretary Patone reported she was working with the State of Delaware to have the Commission's website updated which included a logo and training at no cost. She provided copies of the proposed logo to the Commissioners.

Secretary Patone provided correspondence from the auditors Horty & Horty addressed to the Commissioners, upon receiving the letter, President Sippel opened and copies were made for the Commissioners.


JULY MEETING

The Commissioners set the date of the next monthly meeting to be July 20, 2015 at the office of the Commission, 216 Chestnut Street, New Castle, DE 19720. (The meeting was subsequently rescheduled to July 27, 2015)

ADJOURNMENT

By motion made and unanimous approval, the Commissioners voted to adjourn.

Approved 7-27-15
Date


Pamela A. Patone